

Advantage Care Inc. and Department of Insurance go to court for financial reasons

What this means to policyholders

Nov. 8, 2000

1. What has happened to Advantage Care Inc.?

The Department of Insurance and Advantage Care Inc. asked the Franklin Circuit Court on Nov. 8 to allow department regulators to oversee daily operations of Advantage Care because of the Lexington insurer's financial difficulties. The insurer could end its operations by Dec. 31. Advantage Care previously received financial help from its parent, PhyCor, but Advantage Care continued to experience claims losses.

2. What will happen to my health insurance coverage?

As many as 36,027 policyholders (including an estimated 1,500 public employees of the state, county and public school districts) and their employers must find other options before Advantage Care closes. The Department of Insurance strongly encourages employers to find another insurer quickly and to continue offering this important fringe benefit to your employees.

In many cases, you will find the premiums are competitive. The state plans to reopen enrollment and allow all affected public employees to choose another insurer, with new coverage effective Jan. 1, 2001. Those details will come directly from your public employer.

Advantage Care submitted bids and was prepared to sell and market to approximately 1,500 public employees in 14 counties on Jan. 1, 2001: Bath, Bell, Bracken, Clay, Clinton, Knott, Leslie, Lewis, Marion, Mason, Perry, Robertson, Russell and Wayne.

Advantage Care sold and marketed to 55 counties in central and eastern Kentucky for members working for private employers. The counties are: Adair, Anderson, Bath, Bell, Bourbon, Boyle, Bracken, Breathitt, Carter, Casey, Clark, Clay, Clinton, Elliott, Estill, Fayette, Fleming, Franklin, Garrard, Grant, Harrison, Jackson, Jessamine, Knott, Knox, Laurel, Lee, Leslie, Lewis, Lincoln, Madison, Magoffin, Marion, Mason, McCreary, Menifee, Mercer, Montgomery, Morgan, Nicholas, Owen, Owsley, Perry, Powell, Pulaski, Robertson, Rockcastle, Rowan, Russell, Scott, Washington, Wayne, Whitley, Wolfe, and Woodford.

3. Would I have the same coverage, benefits, or co-pays with another carrier ?

Yes, if you are a public employee because competing insurers bid on similar health benefit plans. For private employees, other insurers offer similar plans, but they are not identical. You will want to read about the new plans carefully, looking closely at what your co-pay is for an office visit or prescription drugs, what your out-of-pocket expenses and deductibles might be and whether your doctor is in the provider directory listed by

the new company. In any case, the network of doctors can vary from carrier to carrier and you should check the provider list closely to see if your doctor appears.

4. Will my rates go up?

In most cases, your rates will be lower. The exceptions depend on what insurer and what type of coverage you choose. For example, most public employees will find that premiums charged by competing bidders like Bluegrass Family Health, CHA and Humana are lower than Advantage Care.

Depending on where each carrier offered to serve public employees, some members may have only one or two choices. (Public employees can find full details of these specific rates and the counties served by other carriers in the health insurance booklet provided by their state agency, county office or public school district.)

Here are some examples. In Bath County, public employees could choose Bluegrass Family Health or CHA and have a variety of benefit plans to select. Advantage Care would have charged \$673 a month in health insurance premiums for a family under Option A HMO; Bluegrass will charge \$623 in 2001 and CHA will charge \$684 for exactly the same benefits. Public employees in Mason, Perry, and Robertson counties will only have CHA as an option. CHA is slightly cheaper than Advantage Care on identically bid state products for HMO and POS benefits. In Russell and Wayne counties, CHA and Humana compete there for public employees but both companies only offer PPO plans.

5. Can I still see my doctor?

Each insurer seeks to have the most extensive network of doctors, so your family doctor may be listed in the provider directory of other companies. Please check the provider list when choosing a new company and benefit plan. In many cases, area doctors may consider joining these other company networks now that Advantage Care is gone; you might want to encourage your doctors to join these other networks if they're not in the new network you must choose. Some benefit plans allow you to go out of network, but this usually costs you more.

6. When is my last day of coverage with Advantage Care?

The Department of Insurance will announce these details as soon as it is determined.

7. I am in the middle of chemotherapy with a participating provider; will I have to change providers?

The Department of Insurance will announce these details as soon as they are known. If you already received pre-authorization for your treatments, it would be wise for you or your provider to double-check directly with Advantage Care. After Advantage Care is out of business, continuing with your doctor may depend on the new insurer that you and your employer choose. Some health benefits allow you to go out of network to stay with

a doctor not on the provider list, but you usually incur higher out-of-pocket expenses. Future treatments and continuing care must follow the medical standards and guidelines covered by the carrier you select. The Department of Insurance will be watching this closely and will be prepared to help consumers if continuity of care becomes an issue with these other carriers.

8. Does Advantage Care have sufficient funds to pay claims?

The Department of Insurance will closely monitor these final financial decisions, but we won't know until all claims are processed. State law clearly protects policyholders from being billed for unpaid balances due to an insurer's failure to pay legitimate, in-network claims.

9. Advantage Care agreed to pay for my unique or special medical care/procedure. Will another insurer honor this promise?

Carriers will consider each case individually, applying accepted medical standards to assure appropriate treatment. There may be differences in exactly how unique or alternative procedures are handled by other carriers. Please check with your new insurer.

10. If my employer is not able to replace this health policy immediately, will my new plan consider me as having a pre-existing condition?

You are guaranteed coverage for pre-existing conditions if you find another insurer within 63 days of the lapse of your previous coverage. If you believe your employer will not replace coverage, or do so within these 63 days, you should consider purchasing an individual health insurance policy. If you select a health policy within 63 days from your last date of coverage, carriers generally are precluded from imposing a pre-existing exclusion. There is an exception if you did not have your health insurance for a sufficient amount of time to satisfy the pre-existing exclusion in the prior plan. If you had Advantage Care coverage for at least 12 months, there will be no pre-existing period under your new policy.

11. If I am pregnant, will I experience the pre-existing condition penalty under my new coverage?

If your employer chooses another insurer, you're protected. Kentucky law requires carriers issuing group coverage to continue providing benefits if the new plan provides maternity benefits.

12. If I am pregnant, will I be able to continue with my OB/GYN?

When the Department of Insurance directly oversees the rehabilitation or liquidation of a company, the department attempts to cover all legitimate claims, to protect policyholders and to assure continuity of care. Call Advantage Care for specific questions and issues, since the department is directly overseeing operations.

13. Who will pay for unpaid claims? Where will I send my bills?

Your doctor should continue filing claims directly to Advantage Care for as long as your patients have coverage there. If you are filing your own claims as a policyholder,

continue sending bills to Advantage Care as you have always done. The Department of Insurance will be in charge of administering the payment of the claims.

Once you or your employer has selected a new carrier, begin following that insurer's rules.

14. What if my doctor bills me for claims that should have been paid by Advantage Care? Who do I send these bills to? What if my account is referred to a collection agency?

Send a letter informing your doctor and contact Advantage Care customer service. If there are still problems, call the Department of Insurance consumer hotline at 1-800-595-6053. The Department of Insurance will watch this issue closely and will enforce all applicable contracts. Remember that state law holds you harmless for legitimate, in-network claims that should have been paid by your insurer.

15. If I choose another carrier, how quickly can another carrier process new members?

Delays in getting your insurance identification card are possible. Pharmacy purchases are often most affected by enrollment delays since claims are filed and verified electronically at the time of purchase. If your pharmacist encounters difficulty in filing an electronic claim during this period, you have the option to obtain an itemized receipt and file directly with your insurance company.

16. Who do I contact for coverage questions now?

Advantage Care customer service will remain in operation until the close of business.